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3 OCT 1967

MEMORANDUM FOR: Deputy Director of Intelligence

SUBJECT : Highlights of OER's Support Activities for Fiscal Year 1967

1. As you know, OER's support activities have increased substantially in recent years. During FY 1967 there was a dramatic increase in direct support provided to consumers outside of CIA — principally because of the demand for economic intelligence on Vietnam, the Middle East, and on US trade policies and programs. The record thus far in FY 1968 suggests that the marked upward trend is continuing.

2. Papers produced in response to specific requests from US policy and action officials increased almost 60 percent, from 271 in FY 1966 to 431 in FY 1967. In addition, during FY 1967, approximately 40 key speeches and briefings were given to personnel outside of CIA, principally to members of the press and Congress, government officials, and to Defense and State Department schools. In addition, 60 papers of policy interest, prepared on the initiative of this office, were given special dissemination at the Cabinet or sub-Cabinet level.

3. Support for the war in Vietnam included more than a dozen reports or contributions in response to White House requests. Half of these were requested by the President for use in consideration of US policy on bombing in North Vietnam. You know of OER's major contributions to Secretary McNamara appraising the will of the Vietnamese Communists to continue the war and on the effectiveness of US/GVN bombing, completed in August and November of FY 1967. Other requests by the Secretary ranged from analyses of the capacity of North Vietnam's supply routes to studies of the status of petroleum storage facilities. Further support on the Vietnam war, requested by officials of the White House Staff, the Department of Defense, and the Department of State, brought the total on this subject to 73 papers and included such topics as Vietnamese trade and shipping, resources required for maintaining lines of communication, infiltration of men and supplies into South Vietnam, manpower estimates, and VC/NVA use of Cambodian territory.

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4. During the first month or so of the Middle East crisis, OER produced 41 papers relating to this situation. These papers were in response to specific requests and included analyses of the impact of hostilities on the economies of Egypt, the economic costs of the crisis to the USSR, and the impact of the crisis on the Middle East oil industry. 25X6A

5. OER's support on Communist China included four major contributions to the Joint Economic Committee of Congress. These contributions appeared in the Committee's study, An Economic Profile of Mainland China, February 1967, which is considered the best detailed study of the Chinese economy available to Western specialists in open literature. OER's series of papers on the impact of the cultural revolution on the economy of Communist China have been particularly well received. The first paper on this subject was done at the request of Walt Rostow, whose staff reported that it was appreciated by the President. Subsequent issues in this series were done at the request of Samuel Berger, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, State.

6. OER's very extensive support of US trade policy and programs included a variety of briefing materials in connection with [redacted] Later publication of the material prepared for this conference came to the attention of the President and led, as you know, to your recent briefings [redacted] OER also supplied a large quantity of materials on East-West trade to the Assistant Secretary, Bureau of Economic Affairs, State. These materials were incorporated into briefing books for Secretary Rusk, Under Secretary Katzenbach, and other State officials. OER reports also were used by Eugene Rostow and Deputy Assistant Secretary Robert Barnett during the December negotiations in Tokyo on the Indonesian debt problem. One of these reports on Soviet military assistance to Indonesia had been produced in September in response to the expressed interest of Vice President Humphrey. Several OER papers also played a large role in the Department of State review of US trade policy with Communist China. OER's written support for US export control policy totaled 109 items, approximately 15 percent more than during the preceding year. One of these items entailed the review of 500 commodities on the US export control list, at the request of the Advisory Committee on Export Policy. 25X6A

7. In addition to the considerable increase in OER's support to external requesters, support to other components of the Agency in most instances equaled or exceeded the level of the preceding year. The number of contributions to National Intelligence Estimates increased from 28 to 34; inputs to

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National Intelligence Surveys rose from 33 to 41. OCI continued to account for the majority of OER's internal support items, although the number declined from the level of the preceding year.

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WILLIAM N. MORELL, JR.
Director
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